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ABSTRACT

According to Census Bureau data, the gap in after-tax income between the richest 20 percent of American households and the rest of the nation hit its widest point in 1984. The top fifth of U.S. households received 42.3 percent of all after-tax income that year, a gain largely at the expense of middle income households. Since 1980 the share of national after-tax income has dropped in every income fifth except the top one. The data also show that despite growth in total net income between 1983 and 1984, typical Black, Hispanic, and female-headed households still had less than in 1980. Two Census Bureau tables accompany this bulletin. (LHW)

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NEW CENSUS DATA SHOW WIDENING INCOME GAP BETWEEN WEALTHIEST AND OTHER AMERICANS
$32 BILLION A YEAR SHIFTED TO RICHEST HOUSEHOLDS SINCE 1980

The gap in after-tax income between the richest 20 percent of American households and the rest of the nation hit its widest point in 1984, according to an analysis by the Center on Budget and Policy Priorities of the Census Bureau's after-tax income data for 1984 released today.

The data show that the top fifth of U.S. households received 42.3 percent of all after-tax income in the country in 1984. This is the highest level recorded since the Census Bureau began collecting these data in 1980.

The top fifth's gain from 1983 to 1984 came largely at the expense of middle income households. The middle fifth of all U.S. households received 17.2 percent of the national income in 1984, the lowest level that has been recorded for this group. The next-to-the-bottom fifth received 11 percent, also a new low.

The poorest fifth of all households received 4.7 percent of the national income in 1984, the same level as in the previous year but lower than in 1980.

The Census data show that since 1980, the share of national after-tax income has dropped for households in every income fifth except for those in the top 20 percent. If the shares of national income had remained the same in 1984 as they were in 1980, the top fifth would have received $31.8 billion less in income in 1984, which would have been divided instead among all other income groups.

"The analysis shows that even small changes in the distribution of income involve shifts of billions of dollars," Center Director Robert Greenstein said. "A transfer of nearly $32 billion a year in income from the bottom 80 percent of households to the top 20 percent is a shift of considerable significance."

The Census data also show that while after-tax household income grew between 1983 and 1984, typical black, Hispanic, and female-headed households still had less after-tax income than in 1980. For the typical (or median) white household, after-tax income is up a little more than 1 percent since 1980 (all household income figures are adjusted for inflation).

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Table 1

Household After-Tax Money Income Distribution by Fifths
(in constant 1984 dollars)

	1980	1981	1982	1983	1984
Lowest fifth					
starts at:	$0	$0	$0	$0	$0
share of income:	4.9%	4.9%	4.7%	4.7%	4.7%
Second fifth					
starts at:	$8,654	$8,422	$8,284	$8,446	$8,581
share of income:	11.6%	11.5%	11.2%	11.1%	11.0%
Third fifth					
starts at:	$15,066	$14,480	$14,567	$14,740	$15,100
share of income:	17.9%	17.8%	17.5%	17.3%	17.2%
Fourth fifth					
starts at:	$21,651	$20,984	$21,087	$21,536	$22,172
share of income:	25.1%	25.0%	24.8%	24.8%	24.8%
Highest fifth					
starts at:	$30,273	$29,565	$30,129	$31,030	$32,073
share of income:	40.6%	40.9%	41.8%	42.0%	42.3%

Source: U.S. Department of Commerce, Bureau of the Census, After-Tax Money Income Estimates of Households: 1984, released Aug. 6, 1986.

Table 2

Household After-Tax Money Income
Median Income
(in constant 1984 dollars)

	1980	1981	1982	1983	1984
All households	$18,342	$17,727	$17,764	$18,043	$18,530
White	$19,122	$18,514	$18,526	$18,867	$19,370
Black	$11,821	$11,168	$11,326	$11,422	$11,675
Spanish origin	$14,800	$14,772	$14,075	$14,309	$14,597
Female householder, no husband present, with related children	$10,484	$10,038	$9,603	$9,501	$9,906

Source: U.S. Department of Commerce, Bureau of the Census, After-Tax Money Income Estimates of Households: 1984, released Aug. 6, 1986.